

Orora Limited announces the sale of its Australasian Fibre Business for A\$1,720 million

10 October 2019

Orora Limited (ASX: ORA) is today announcing that it has entered into a binding agreement to sell its Australasian Fibre Business to a wholly owned subsidiary of Nippon Paper Industries Co., Limited ("Nippon Paper") for an enterprise value of A\$1,720 million.

Following the receipt of interest for the Australasian Fibre Business, Orora's Board concluded that the Nippon Paper offer is compelling and its acceptance is therefore in the best interests of shareholders.

About the Nippon Paper Offer

- Reflects an enterprise value of A\$1,720 million.
- Represents an EV / FY19 adjusted EBITDA multiple of ~11.5 and an EV / adjusted EBIT multiple of ~18.9, which is higher than Orora's current trading multiples.
- Fully values the Australasian Fibre Business (which includes the B9 Paper Mill, fibre converting, specialty packaging, cartons, bags, functional coatings and Orora WRS packaging distribution) with reference to the outlook for the business.
- Is subject to customary conditions for a transaction of this nature, including regulatory approvals, with completion expected to occur in early 2020.
- The estimated net gain after costs and tax is ~A\$225 million, which will be recognised as a Significant Item.

Return of proceeds to shareholders

- Orora expects to receive net cash proceeds from the transaction, after taxes, transaction costs, restructuring costs and customary closing adjustments of A\$1,550 million.
- Following completion of the transaction, Orora intends to return in the vicinity of A\$1,200 million, being the majority of the net proceeds, to shareholders, in the most efficient way through capital management initiatives.
- It is Orora's intention to return to its current target leverage ratio once the capital management initiatives are completed.
- Further details on the return of proceeds will be provided in due course.

Orora Group post-transaction

Following completion of the transaction, Orora will continue to operate its:

(1) Australasian Beverage Business

- Orora is a leading supplier of aluminium cans, glass bottles and wine closures in Australia and New Zealand.
- The business has the number one market position in cans and glass wine bottles and number two in wine closures and glass beer bottles.

Completion of the transaction is not expected to result in the loss of any meaningful operational or customer related synergies.

(2) North American Businesses

- Orora's North American business includes Orora Packaging Solutions (OPS) and Orora Visual (OV).
- OPS is a top 5 company in the highly fragmented US\$50.0 billion packaging distribution market segment.
- OV is a top 5 company in the US\$10.0 billion point of purchase/visual displays market segment.
- Orora believes there is potential to grow its North American businesses through leveraging superior products, service levels and a nationwide footprint.

Orora Chairman Chris Roberts said: "The Nippon Paper offer represents compelling value for shareholders, reflecting a full price for the Australasian Fibre Business which has reached maturity under Orora ownership and which will now benefit from the synergies and other value enhancements available to Nippon Paper as a strategic acquirer. Orora will now focus on its Australasian Beverage and North American businesses which both have a strong long term growth outlook and provide opportunity for superior returns on capital for shareholders."

"The Australasian Fibre Business has been an important part of Orora since listing on the ASX in 2013. The Offer from Nippon Paper is an exciting opportunity for the Fibre team to join one of the world's largest forest, paper and packaging companies, with a strong track record of investment to support growth, including in people and technology."

Orora Managing Director & CEO Brian Lowe said: "Today's announcement represents an exciting new era for both Orora and the Fibre business as it transitions to Nippon Paper."

"Orora Group will retain the market leading Beverage business, which manufactures ~65% of Australia's wine bottles, is the leading manufacturer of aluminium cans in the Australasian region and has exclusive rights to produce STELVIN® wine closures. The Beverage business has a history of sustained growth, innovation and profitability. Orora's North America businesses likewise operate in attractive segments and, following recent initiatives, are well positioned to drive future growth and cash flow generation."

"As a more streamlined group of businesses, there may be some reduction in roles required to support the Orora Group activities going forward. We recognise the effect that this could have on our people and will be working closely with all potentially affected by today's announcement," Mr Lowe said.

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About Nippon Paper

Nippon Paper Group is a leading, diversified international timber, pulp, paper, paperboard packaging and chemicals business with operations in Asia, Oceania, North and South America and Europe.

Headquartered in Tokyo, Japan, Nippon Paper was founded in 1949 and is listed on the Tokyo Stock Exchange with net sales of approx. \$15 billion AUD. Nippon Paper Group is committed to global expansion through its key growth areas of packaging, household paper and healthcare, chemicals, energy, and wood products. Past acquisitions have included Australian Paper in 2009 for approx. \$700 million AUD and the Weyerhaeuser liquid packaging board business in 2016 for \$285 million USD. The purchase of Orora's Australasian Fibre Packaging business will be the Group's largest investment outside Japan. www.nipponpapergroup.com

MEDIA CALL: Orora is hosting a media call at 10.30 (AEST) today.

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